

Message Text

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PAGE 01 OECD P 20220 250154Z

71

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11

EA-11 FRB-02 INR-10 IO-13 NEA-10 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 RSR-01

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INFO AMEMBASSY VIENNA

AMEMBASSY ROME

USMISSION EC BRUSSELS

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E.O. 11652 N/A

TAGS: EFIN, OECD

SUBJECT: PAYMENTS COMMITTEE MEETING, JULY 23, 1973

REF: (A) PC/M(73)5

(B) C(73)115

(C) C(73)119

1. SUMMARY. AT ITS MEETING JULY 23, 1973, PAYMENTS COMMITTEE (PC) APPROVED MODIFICATION OF RESERVATIONS BY AUSTRIA AND ITALY CONCERNING INSURANCE (REF B), NOTED SUSPENSION FURTHER EXAMINATION OF RESERVATIONS ON INSURANCE ITEMS BY INVISIBLES COMMITTEE, AND APPROVED ADDITION OF NOTES CONCERNING PAYMENTS CHANNELS FOR ITALY IN ANNEX B OF CAPITAL CODE (REF C). END SUMMARY.

2. INSURANCE RESERVATIONS. PC WAS INFORMED BY SECRETARIAT THAT INVISIBLE COMMITTEE (IC) HAD DECIDED TO SUSPEND FURTHER WORK ON DELETION AND LIMITATION OF RESERVATIONS ON UNSURANCE ITEMS IN CODE OF LIBERALIZATION OF CURRENT
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PAGE 02 OECD P 20220 250154Z

INVISIBLE OPERATIONS. SINCE THIS IS NOT REPORTED IN

REF (B), SECRETARIAT WILL REPORT SAME ORALLY TO EXECUTIVE COMMITTEE AND COUNCIL. PC AGREED THAT IC SUSPENSION CURRENT EXAMINATION INSURANCE QUESTIONS WAS APPROPRIATE IN VIEW OF PENDING WORK IN SAME AREA BY EC. U.S. REP, WITH CONCURRENCE FROM SWISS, AUSTRIAN AND SEVERAL OTHER REPS, POINTED TO DESIRABILITY THAT FURTHER LIBERALIZATION OF INSURANCE WITHIN EC PROCEED WITH REGARD TO OBLIGATION OF ALL OECD MEMBERS TO APPLY ARTICLE 9 (NON-DISCRIMINATION) OF CODE. QUESTION APPLICATION OF ARTICLE 10 (EXEMPTION TO DISCRIMINATION CLAUSE FOR ECONOMIC REGIONS WITHIN OECD WAS ALSO DISCUSSED. COUNTRIES NOT IN EC GENERALLY PREFERRED TO INTERPRET ARTICLE 10 AS MEANING LIBERALIZATION IN EXCESS OF THAT REQUIRED UNDER OECD CODES. PC AGREED NOTE MATTER IN ITS REPORT BUT TO MAKE NO PROPOSALS FOR TIME BEING REGARDING ANY FURTHER EXAMINATION APPLICATION ARTICLE 10. AUSTRIAN REP REPEATED RESPONSE GIVEN BY HIS EXPERT IN IC CONCERNING USE OF BOTH AUTHORIZATION PROCEDURE AND TAX REGARDING INSURANCE CONTRACTS CONSUMED ABROAD BY AUSTRIAN RESIDENTS, NOTING THAT EFFORT TO REMOVE TAX HAS NOT YET PROVED SUCCESSFUL.

4. ITALIAN PAYMENTS CHANNELS. PC AGREED TO ACCEPT PROPOSED COUNCIL DRAFT ENTRY WHICH NOTES AND EXPLAINS USE OF TWO-TIER FOREIGN EXCHANGE MARKET IN ITALY (REF C). DURING LIMITED DISCUSSION THIS TIME IT WAS NOTED THAT TOURIST EXPENDITURES FINANCED WITH TRAVELERS CHECKS MUST BE EXCHANGED AT OFFICIAL (COMMERCIAL) RATE, WHEREAS TOURIST EXPENDITURES MADE WITH BANK NOTES ARE EXCHANGED AT FREE MARKET RATE. PC SUGGESTED DUAL CHANNEL IN ITALY FOR TOURIST EXPENDITURES DISCRIMINATES AGAINST ONE FORM OF PAYMENT AND MAY BE CONFUSING TO THOSE WISHING TO MAKE TRANSACTIONS. HOWEVER, FAILED TO SUGGEST THAT ITALY MODIFY THESE ARRANGEMENTS.
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